

*Air
Asia*

AIRASIA X BERHAD

Third Quarter and Nine Month 2014 Financial Results



Investor and Analyst Briefing

19th November 2014

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Concerns and Strategy



- **Industry Capacity Moderating**
 - Fares increasing with demand
- **Tactical Frequency Reduction and deployment to Associates and Wet Leases**
- **Drop in Oil Price**
 - Every USD10/bbl drop in jet fuel price, will results in savings of RM120mil p.a
- **Implementation of Ancillary Income Initiatives**
 - Duty Free
 - In-Flight Wifi
- **Business Class Yields Improving**
- **Cash Raising Initiatives to Strengthen Liquidity**
 - 2 aircraft sale-and-leaseback completed
 - More aircraft & engine transaction to be completed in Q4-2014
 - Additional credit facilities
 - All 2015 deliveries on operating lease – no capex
- **Operational & organizational consolidation with AirAsia Group**

Executive Summary

Key takeaways for 3Q2014 Briefing...



Capacity

- ASK capacity growth tapered off to 24%YoY in 3Q14 versus peak of 47% in 2Q14, 60% in 1Q14, and 49% in 4Q13.
- Tactical capacity reduction in 3Q14 and lean periods to generate positive margins.
- 1.6% QoQ growth from 3Q14 mainly for Xian, China.
- Load Factor 80.6% - still able to meet 80% target by stimulating new demand.

RASK

- RASK of 11.02 sen is -7.8% drop YoY, but +2.2% QoQ from 2Q14.
- Slower-than-expected yield improvement affected by the aviation incidents.
- Forward sales indicates return to positive growth in 4Q14F.

CASK

- 9M2014 CASK (RM sen) is +7.5% YoY increase, and Ex-Fuel is +5.7% YoY.
- 9M2014 Adj. CASK (RM sen) is +0.8% YoY and Ex-Fuel is -1.5% YoY.
- Overall CASK increase was due to more charters, wet leases, and associates.

Cash

- Net Operating CashFlow continues to be positive with +RM212m.
- Cash of RM64.1m at the end of September 2014.



Business/ Industry Updates

Business Updates



▪ Industry Over-capacity

- Significant capacity investments with new aircraft added across Southeast Asia leading to high ASK growth rates – particularly from Southeast Asia to Australia by both LCCs and Legacy airlines
- Demand, relative to all the new capacity added has slowed down significantly
 - Effects on the “two incidents” on tourist arrivals into Malaysia
 - Political instability and martial law imposed in Thailand
 - Chinese consumer spending slowdown leads to drop in tourist arrivals to Thailand, Malaysia, Singapore

▪ Declining Yields

- AirAsia X has suffered declining yields and likely will suffer first annual yield decline in 2014
 - Q4-2013: -15% year-on-year
 - Q1-2014: -12% year-on-year
 - Q2-2014: -7% year-on-year
 - Q3-2014: -8% year-on-year
 - Q4-2014F: Double-digit growth

▪ Significant Losses in 2014

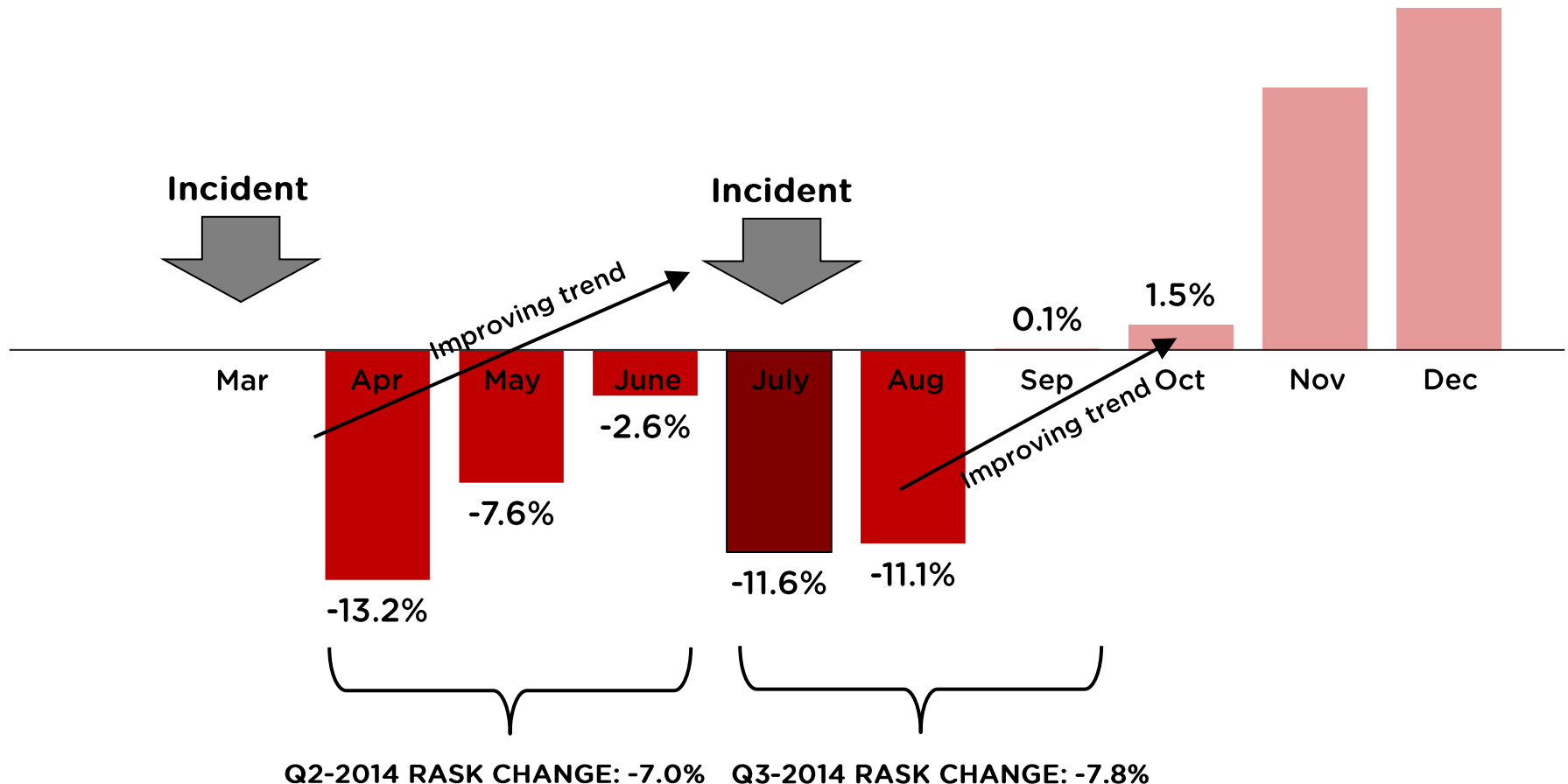
- AirAsia X incurred a -16.6% Net Loss margin in 9M2014 (-RM350.1 million), with Australian routes contributing virtually all of the losses
- Weakening revenue currencies (Ringgit, Australian Dollar, Japanese Yen, Indonesian Rupiah, etc) against a cost structure with 65% denominated in US-dollars

Business Updates

Improving Yields Affected By Two Incidents



Year-On-Year Growth In RASK, By Month - 2014

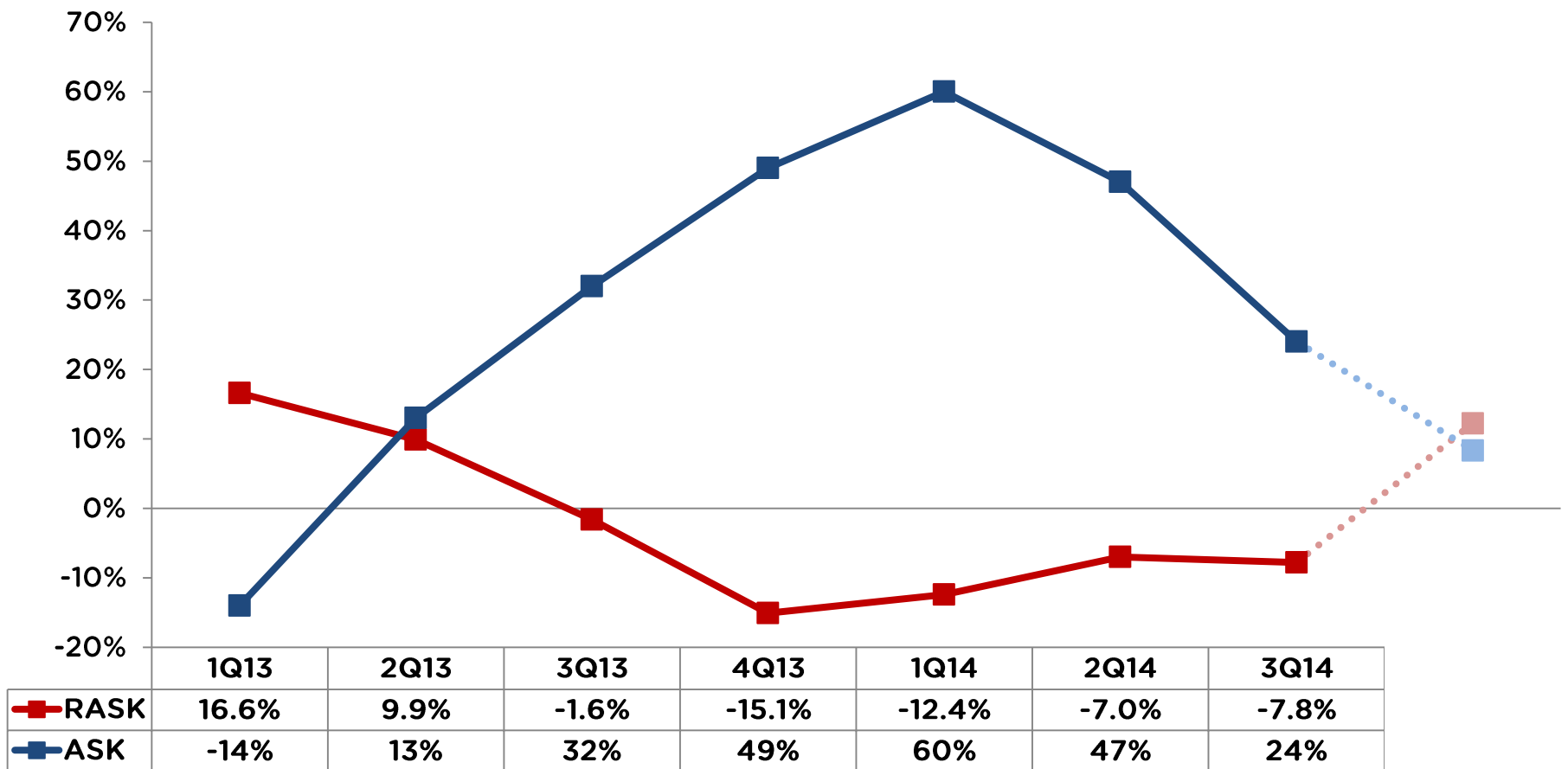


Business Updates

Yield Declines Expected To Turn Around In Q4-2014 As Capacity Growth Slows Down



Year-On-Year RASK - ASK Growth





3Q2014

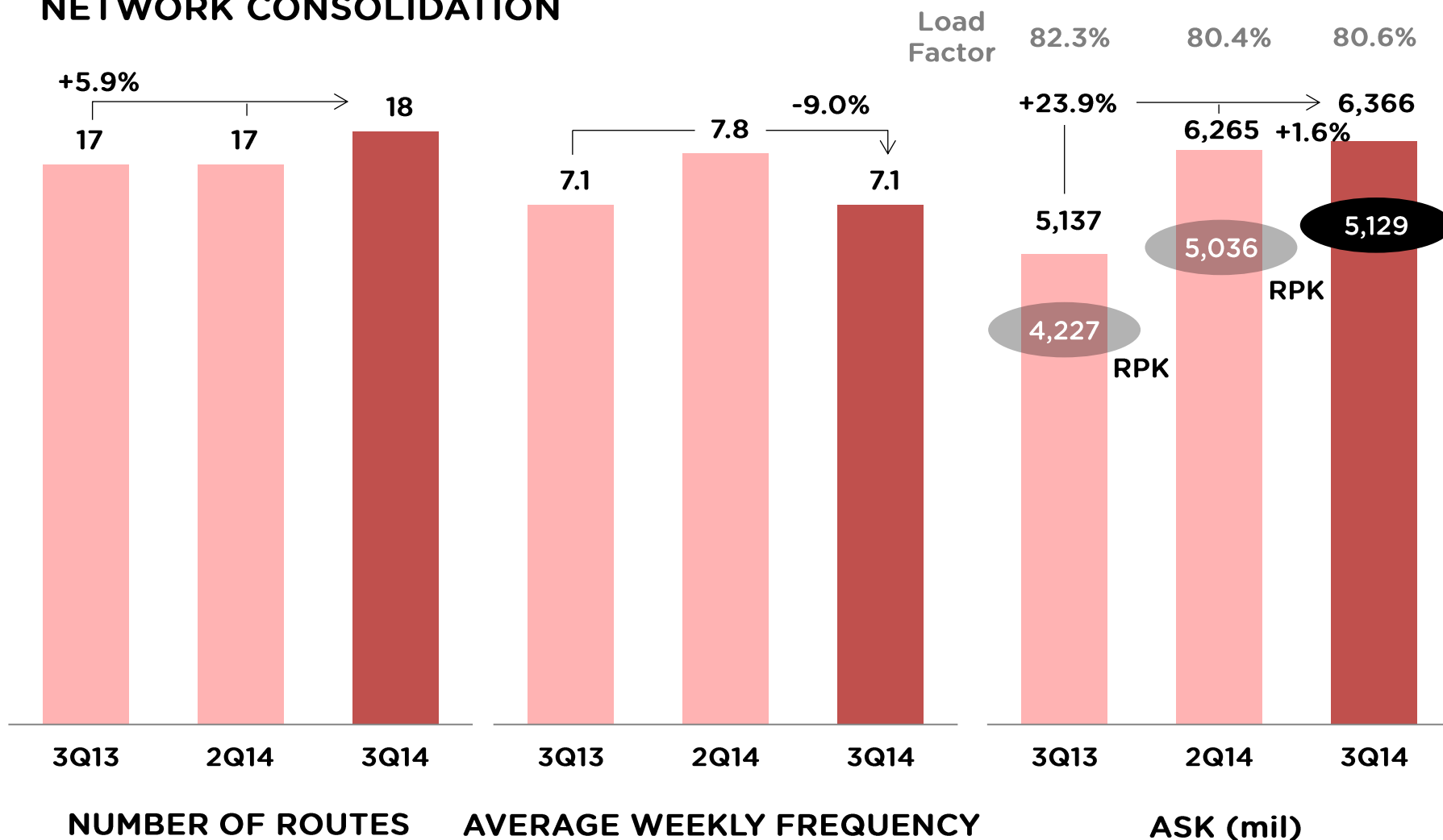
Key Operating & Financial Highlights

3Q2014 – Key Operating Highlights

3-month ended 30 September 2014



NETWORK CONSOLIDATION

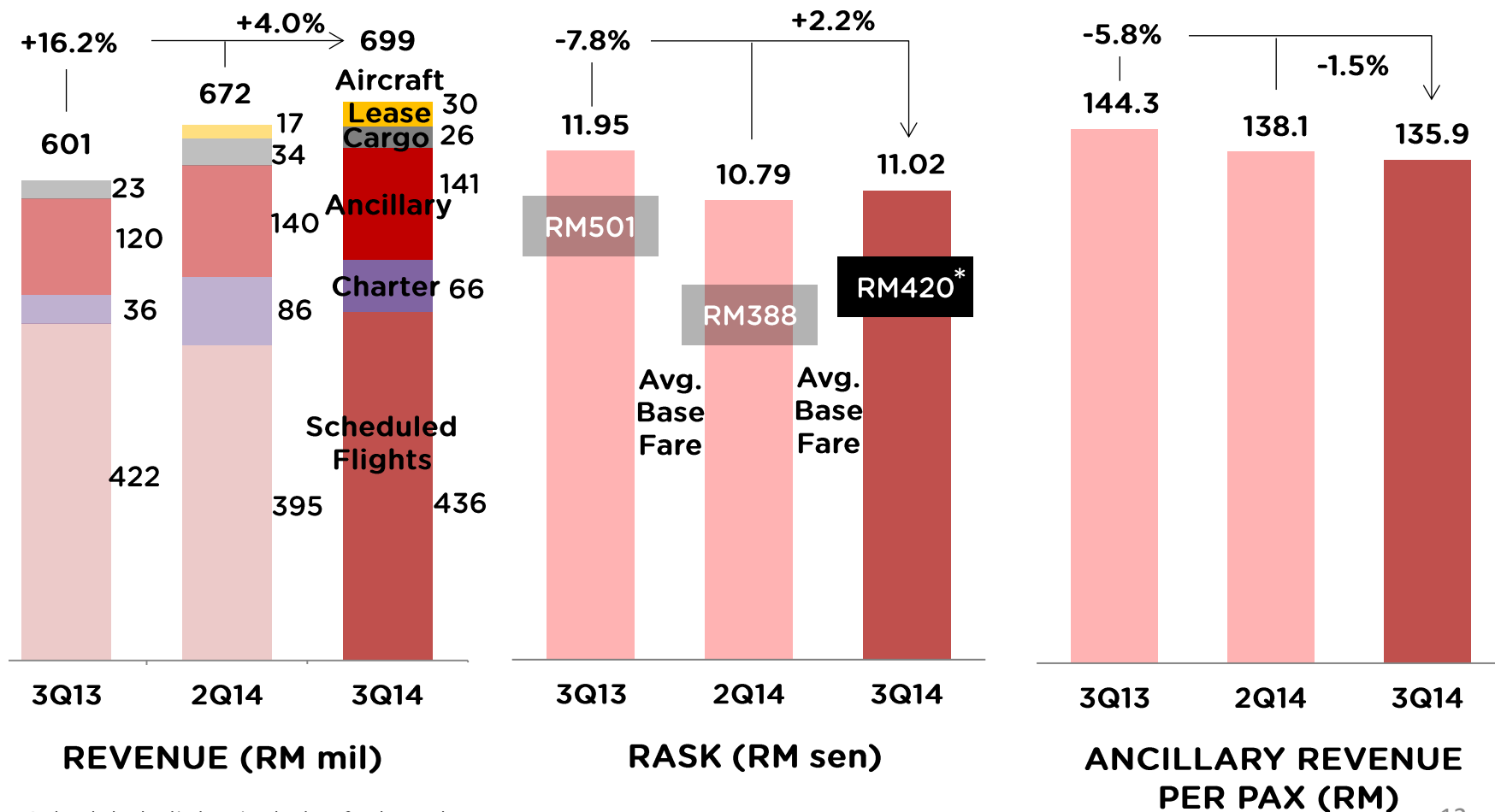


3Q2014 – Key Financial Highlights

3-month ended 30 September 2014



TOPLINE GROWTH



- Scheduled Flights includes fuel surcharge

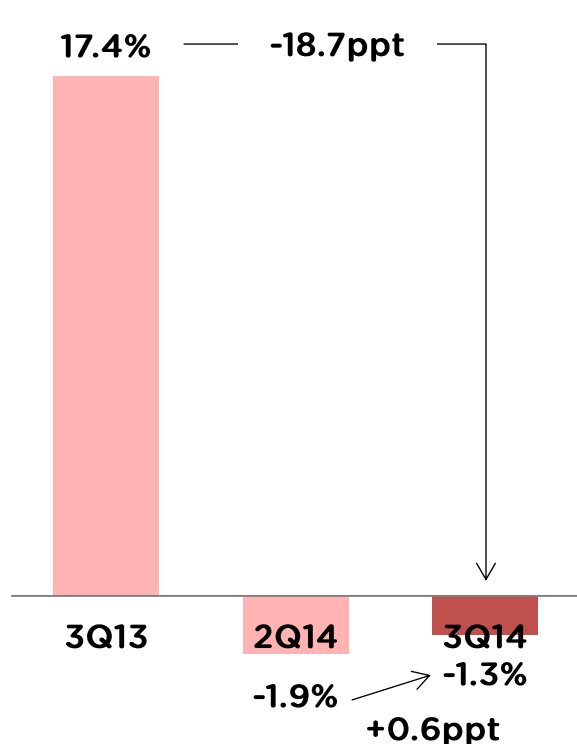
* -16%YoY drop was mainly affected by the Australian routes

3Q2014 – Key Financial Highlights

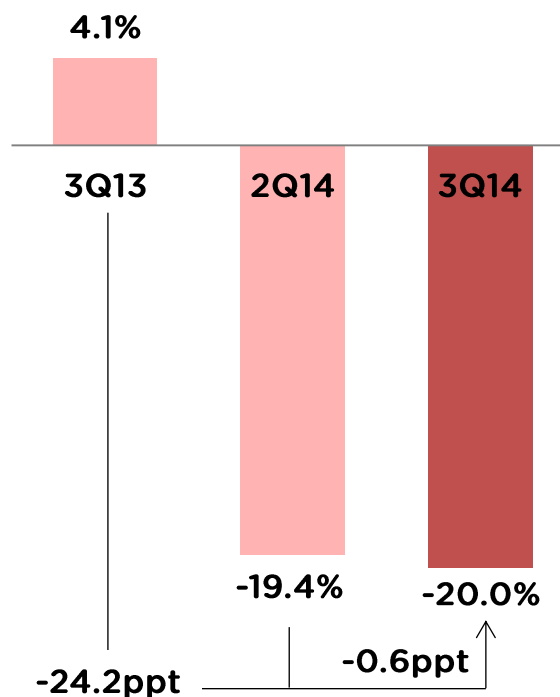
3-month ended 30 September 2014



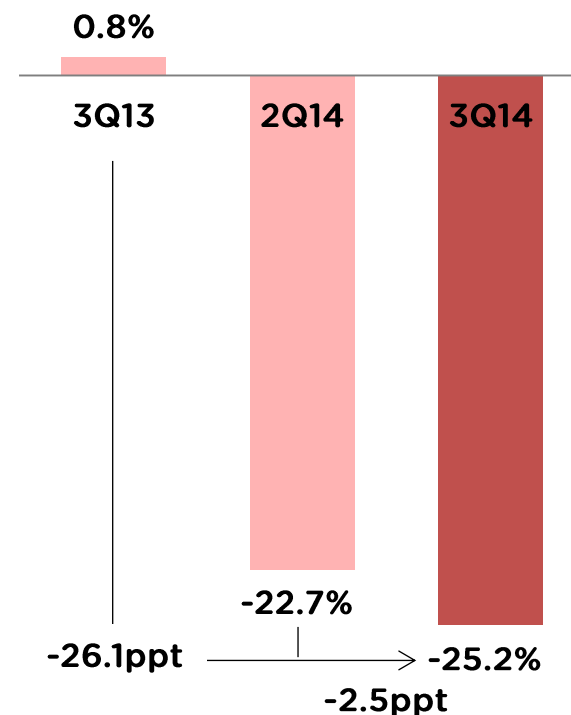
MARGINS



EBITDAR/ (LBITDAR) MARGIN



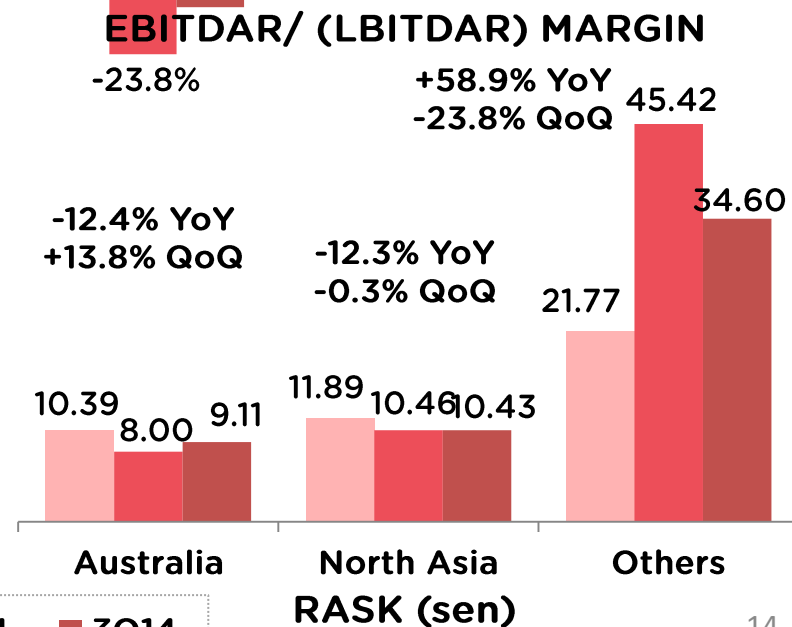
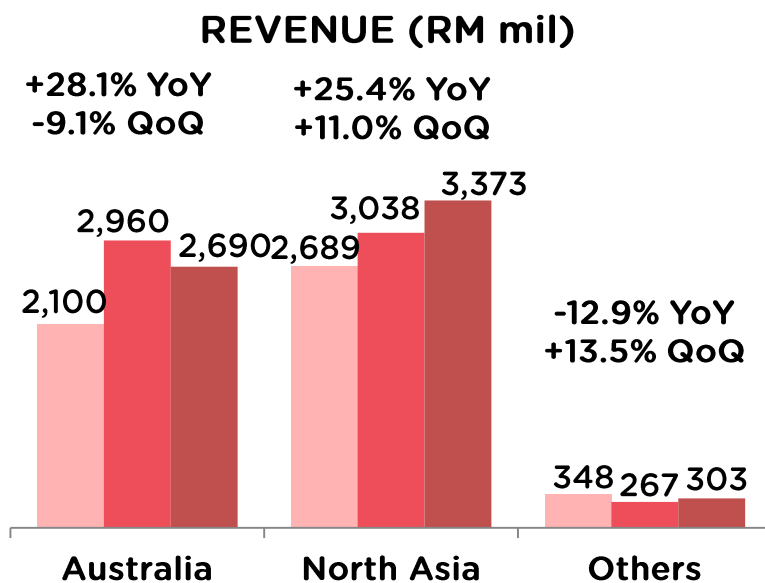
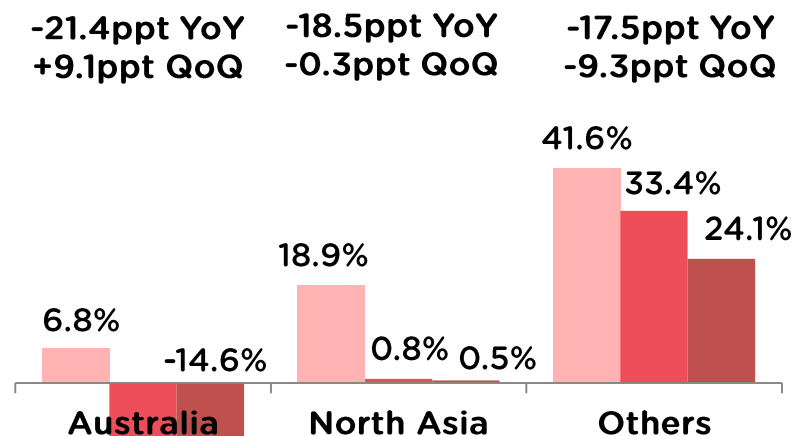
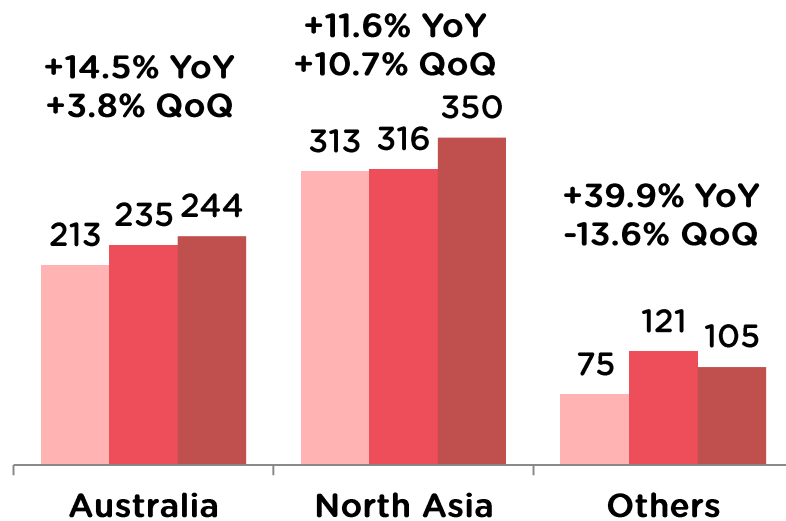
EBIT/ (LBIT) MARGIN



NET OPERATING
PROFIT/ (LOSS) MARGIN

3Q2014 – Segment Profitability

3-month ended 30 September 2014



3Q13 2Q14 3Q14

3Q2014 – Operating Expenditure

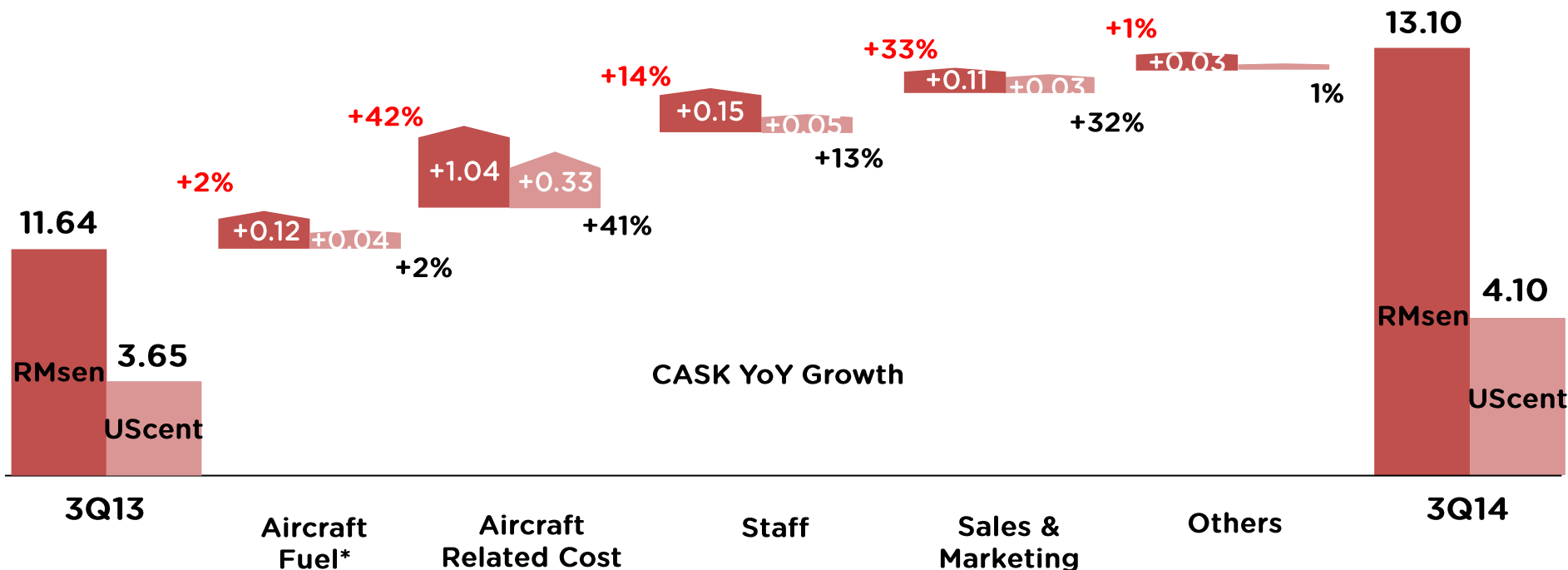
3-month ended 30 September 2014



CASK (RMsen) +12.5% YoY
CASK (UScent) +12.3% YoY
Adj. CASK +6.2% YoY

CASK ex-fuel (RMsen)
CASK ex-fuel (UScent)
Adj. CASK ex-fuel

+22.2% YoY
+22.5% YoY
+11.3% YoY



*Avg. Fuel Price: 3Q13 (USD130.67/bbl), 3Q14 (USD132.16/bbl)

* RM-USD Exchange Rate: 3Q13 (3.189), 3Q14 (3.194)

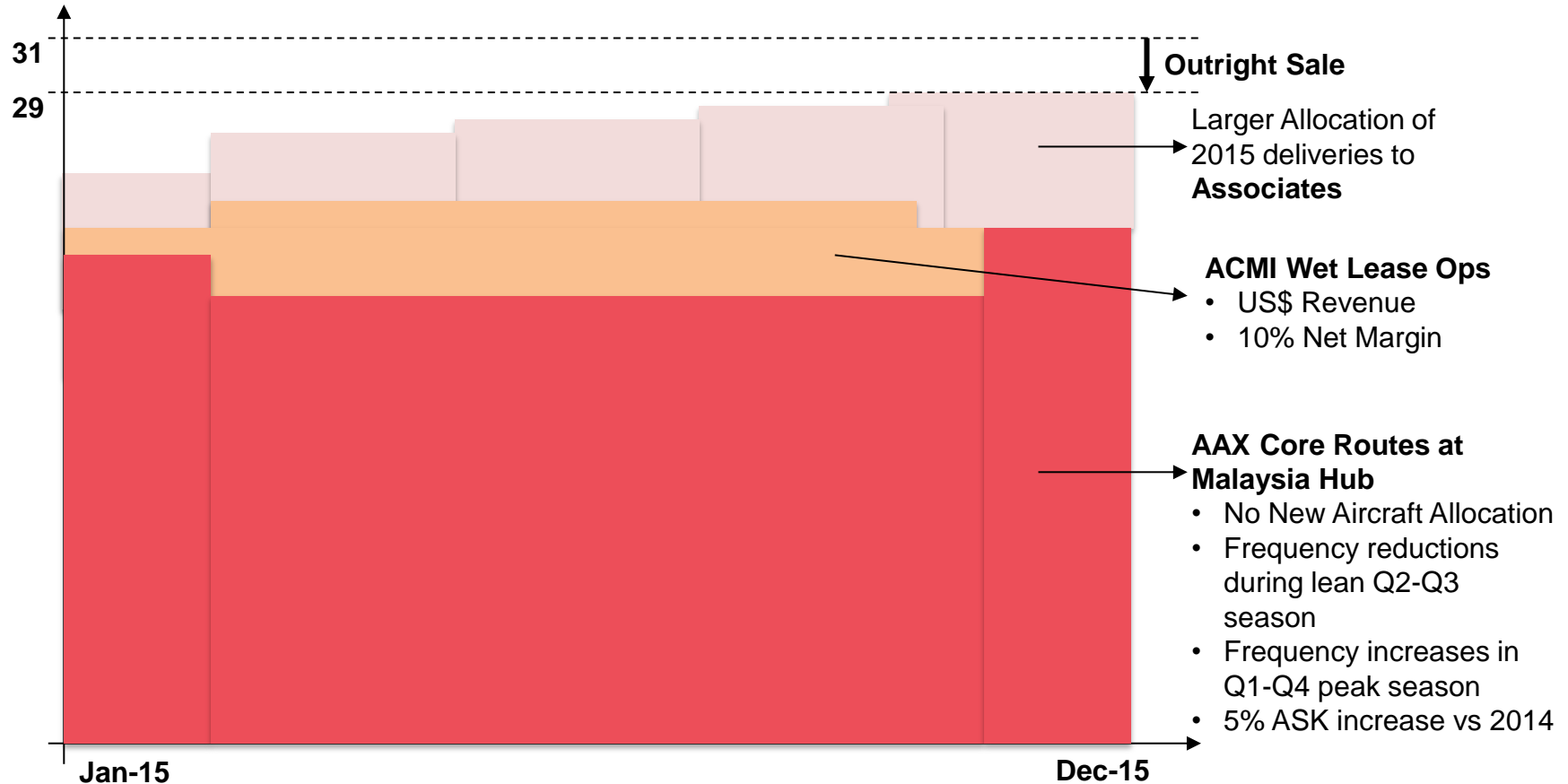
Aircraft Related Cost: Aircraft Depreciation, Maintenance & Overhaul, and Lease.

Others: Operations, General & Administrative, and Others.

Appendix

2015 Capacity Strategy

Number of A330-300 aircraft



Fleet Profile

Updated Fleet Size, segmented into AAX, TAAX, IAAX

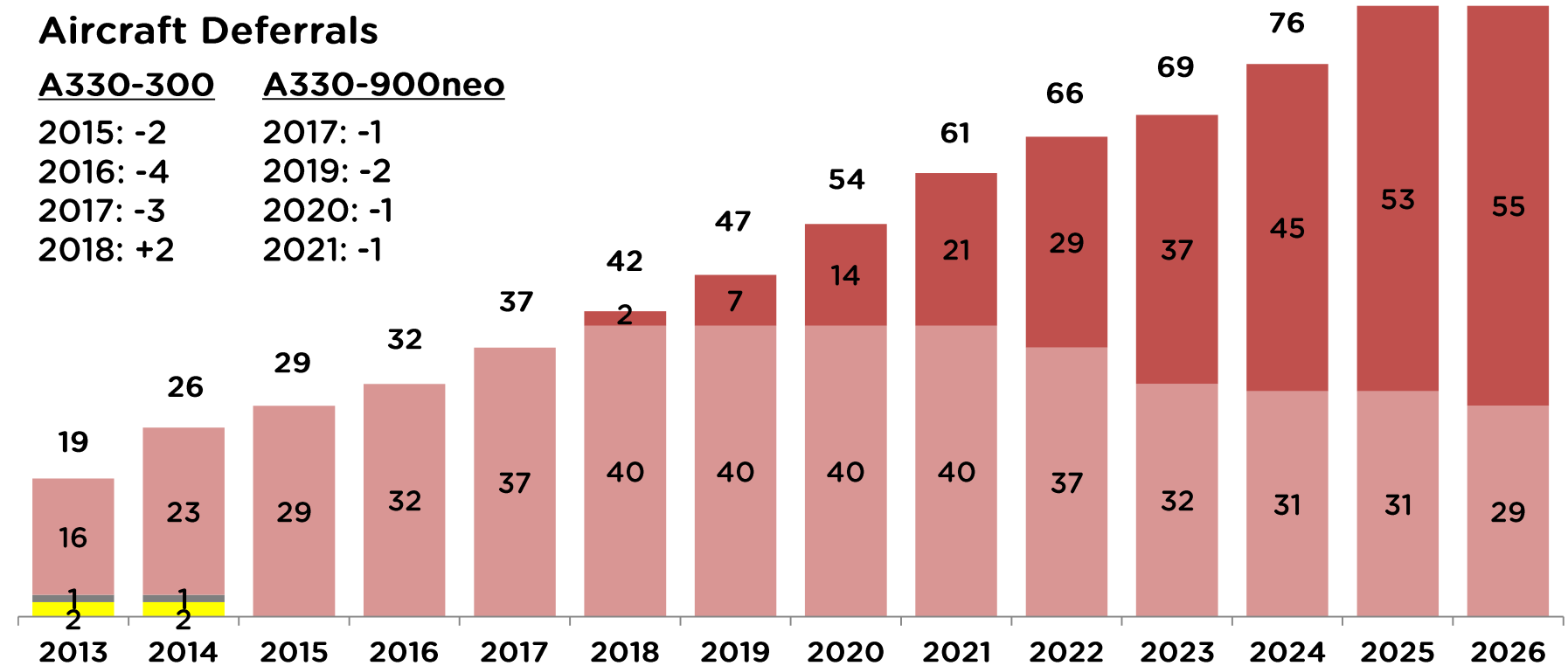
Aircraft Deferrals

A330-300

2015: -2
2016: -4
2017: -3
2018: +2

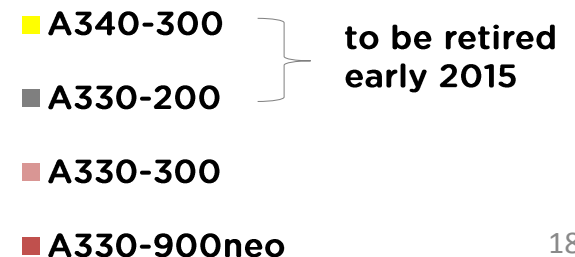
A330-900neo

2017: -1
2019: -2
2020: -1
2021: -1



AAX	19	21
TAAX	2	5
IAAX	2	3

Aircraft Delivery





9M2014

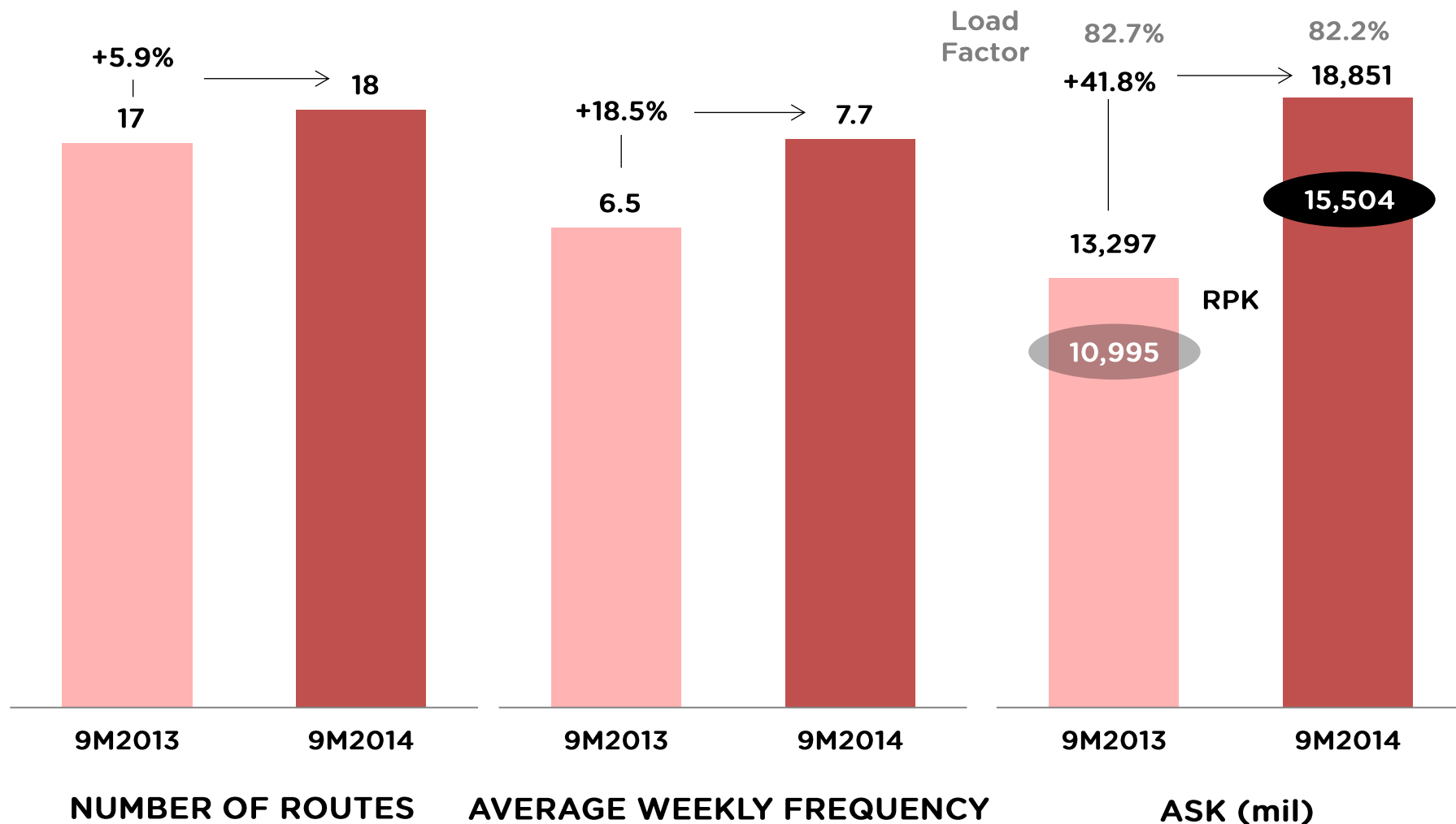
Key Operating & Financial Highlights

YTD2014 – Key Operating Highlights

9-month ended 30 September 2014



NETWORK CONSOLIDATION

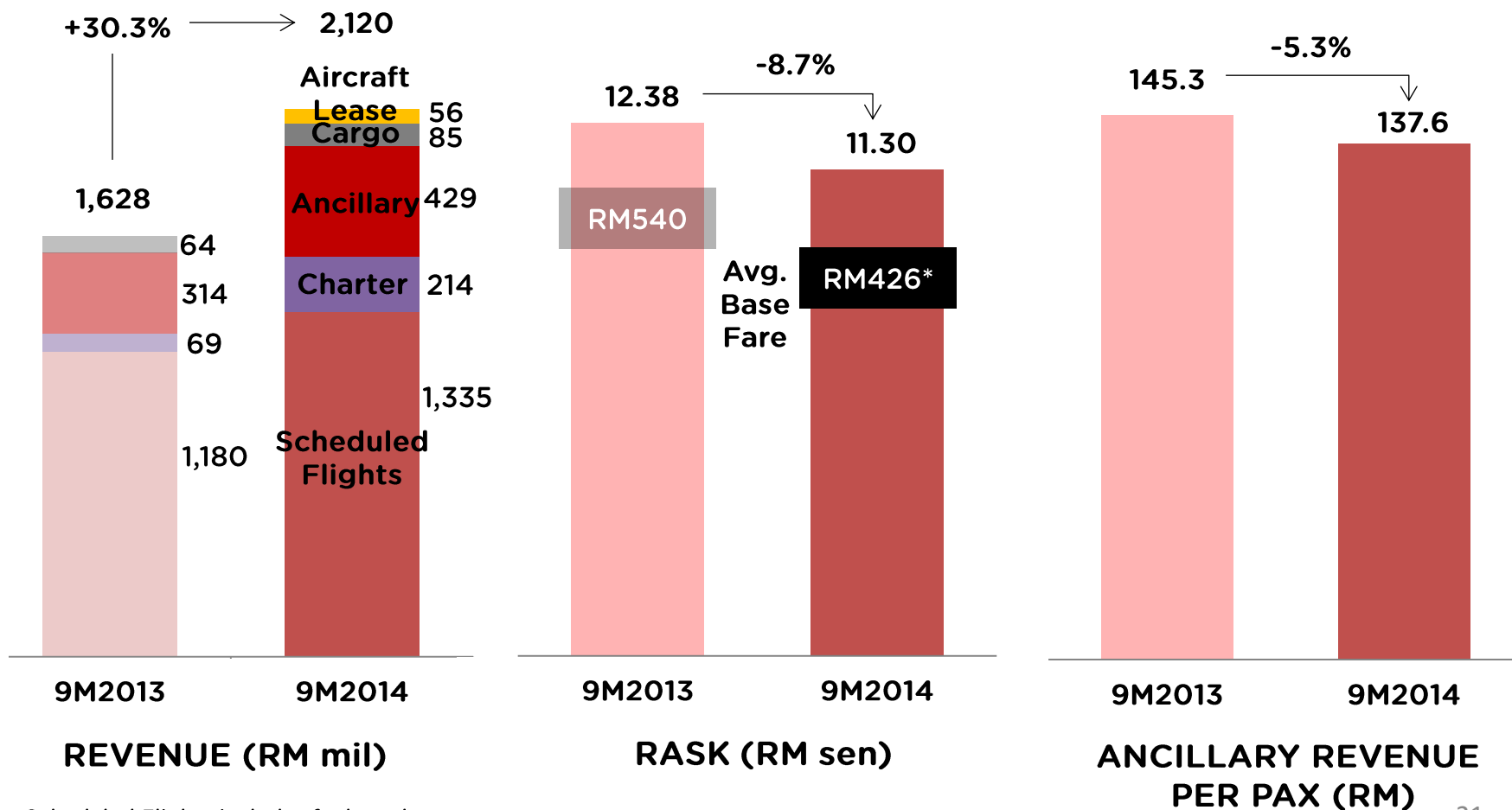


YTD2014 – Key Financial Highlights

9-month ended 30 September 2014



TOPLINE GROWTH



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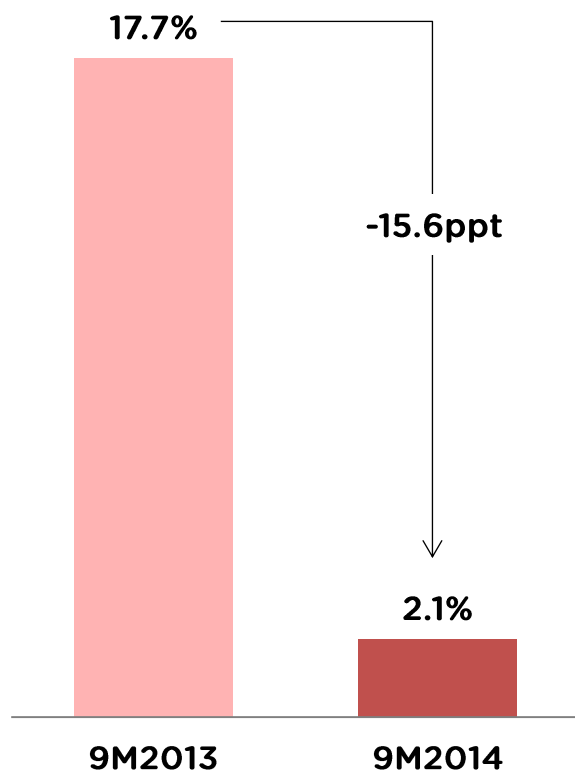
* -21%YoY drop was mainly affected by the Australian routes

YTD2014 – Key Financial Highlights

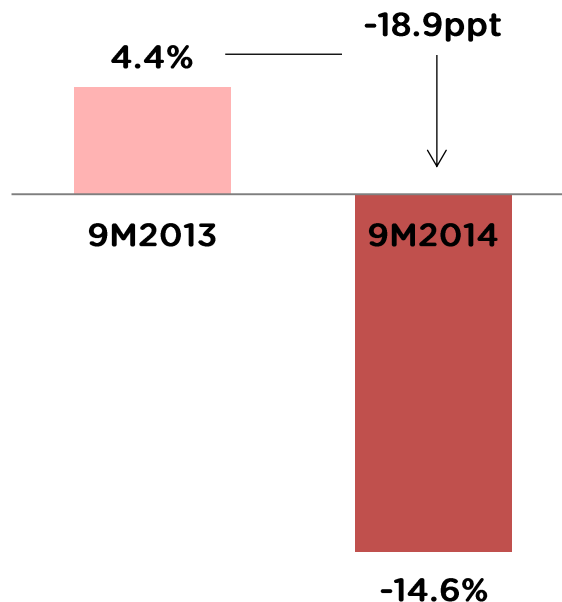
9-month ended 30 September 2014



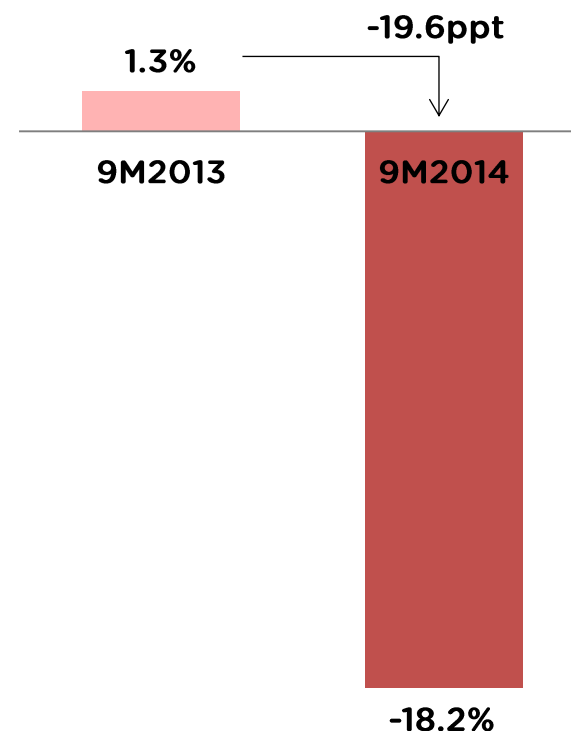
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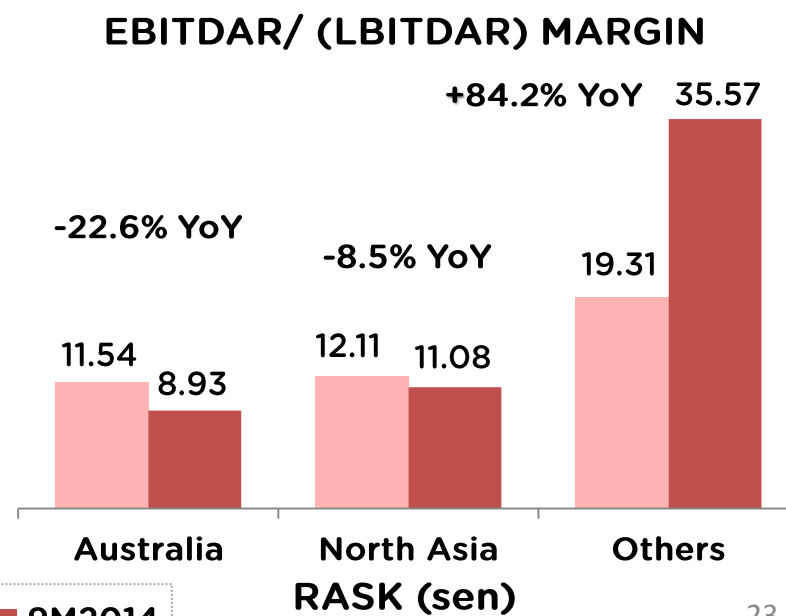
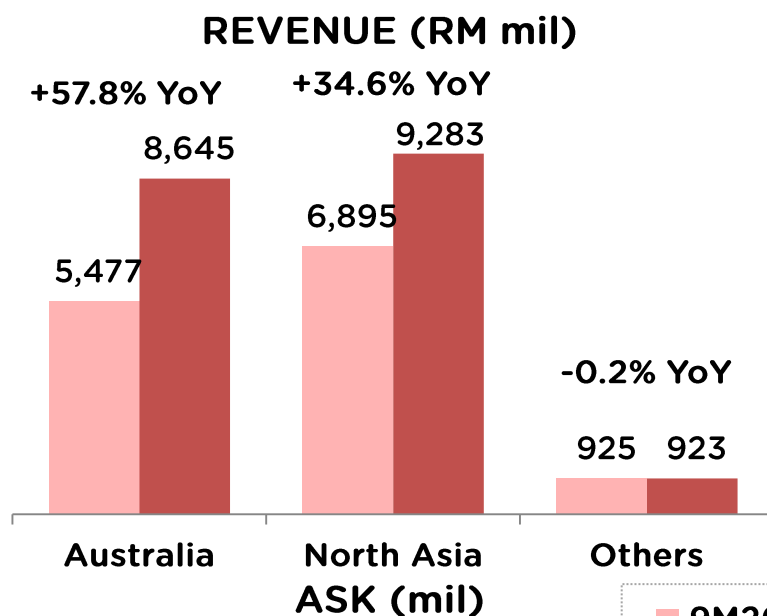
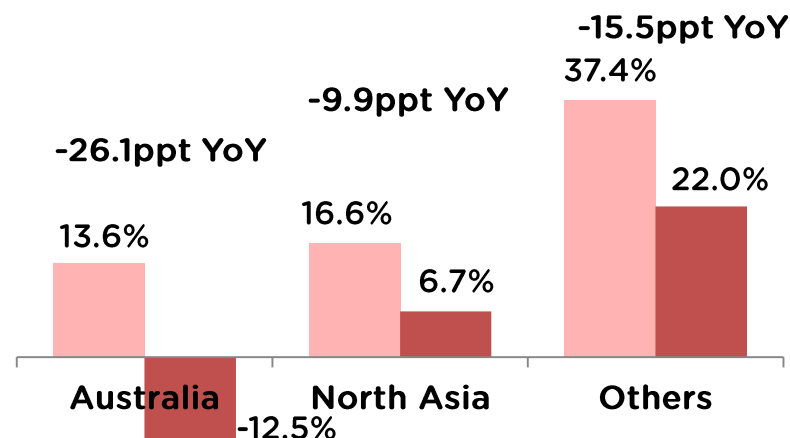
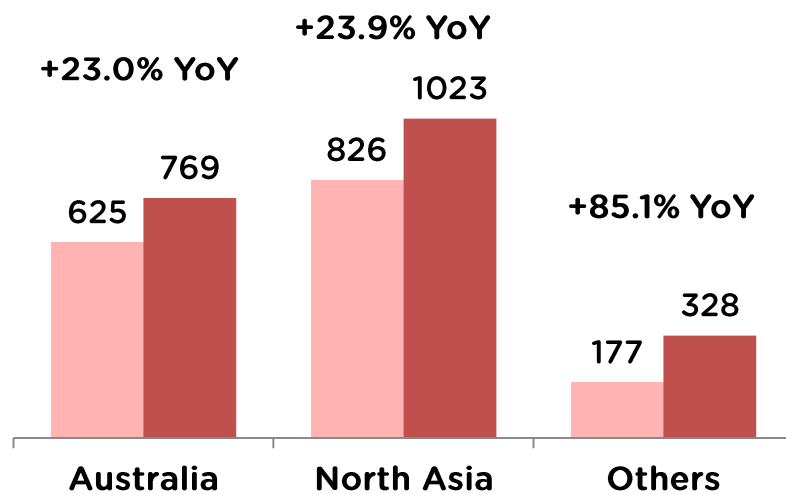
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NET OPERATING PROFIT/
(LOSS) MARGIN

YTD2014 – Segment Profitability

9-month ended 30 September 2014



9M2013 9M2014

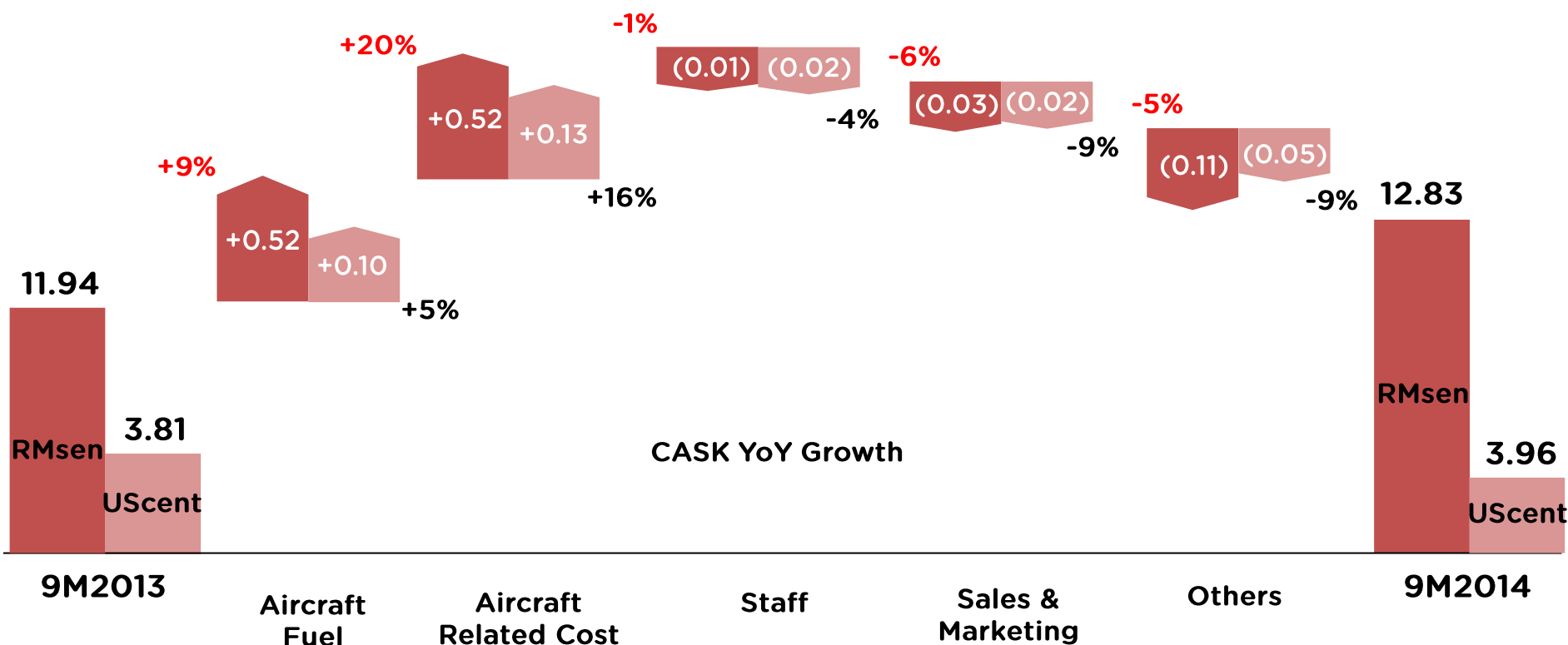
YTD2014 – Operating Expenditure

9-month ended 30 September 2014



CASK (RMsen) +7.5% YoY
CASK (UScent) +3.8% YoY
Adj. CASK +0.8% YoY

CASK ex-fuel (RMsen) +5.7% YoY
CASK ex-fuel (UScent) +2.0% YoY
Adj. CASK ex-fuel -1.5% YoY



* Avg. Fuel Price: 9M2013 (USD130.73/bbl), 9M2014 (USD130.82/bbl)

* RM-USD Exchange Rate: 9M2013 (3.131), 9M2014 (3.243)

Aircraft Related Cost: Aircraft Depreciation, Maintenance & Overhaul, and Lease.

Others: Operations, General & Administrative, and Others.